

CIRCULAR NO. A-11
PART 3

**PLANNING, BUDGETING, AND
ACQUISITION OF CAPITAL ASSETS**



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JULY 2000**

SECTION 300 -- PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

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Summary of Changes

Specifies the information that is required for new acquisitions and the information that is required for ongoing acquisitions (section 300.8).

For IT acquisitions only, new security requirements are added (section 300.8, Appendix 300A).

For IT acquisitions only, requires you to tell OMB whether the project’s function is subject to the Government Paperwork Elimination Act (GPEA) (section 300.8).

Adds and defines the term “performance-based management system” (section 300.8, Appendix 300A).

Revises Exhibit 300A to cover existing projects only (section 300.6).

Deletes Appendix C.

300.1 Purpose.

Part 3 of this Circular provides guidance on planning, budgeting, and acquisition of capital assets, and requires you to provide information on these assets in your budget submissions to OMB.

Part 3 also presents unified guidance designed to coordinate OMB's collection of agency information for its report to the Congress required by the Federal Acquisition Streamlining Act of 1994 (FASA) (Title V); and to ensure that your acquisition plans support the mission statements, long-term goals and objectives, and annual performance plans that you developed pursuant to the Government Performance and Results Act of 1993 (GPRA); and for IT, to ensure that security and privacy policies are fully implemented. Your submissions allow OMB to carry out its reporting responsibilities under FASA without issuing additional central guidance.

In developing your capital plans, you should follow the "Principles of Budgeting for Capital Asset Acquisitions" in Appendix 300A and the additional guidance in Appendix 300B. (The Principles were published in the *Analytical Perspectives* volume of the *FY 2001 Budget*.) You should also follow the guidance in the *Capital Programming Guide* (July 1997), which OMB published as a Supplement to this Circular.

300.2 Background.

The Federal Government needs to manage better the planning, budgeting, and acquisition of capital assets, including information technology. The National Performance Review in 1993 and recent legislation suggest widespread concern in the agencies and in Congress that the Government must improve its performance in this area.

In recent years, OMB has issued guidance on asset acquisition, conducted crosscutting reviews, and addressed specific asset acquisition issues in agency review sessions during the fall budget process. At the same time GPRA and FASA have created statutory performance-based reporting and review requirements that complement the goals of OMB's asset acquisition review.

Part 3 encourages you to focus on the importance of capital assets, including information technology, in carrying out the mission of your agency within the context of the existing scoring rules and the limits on discretionary spending.

FASA (Title V) requires OMB to report on the cost, schedule, and performance goals for asset acquisitions and how well you are meeting the goals. GPRA requires you to develop mission statements, long range strategic goals and objectives, and annual performance plans. GPRA became effective government-wide in September 1997, when you transmitted strategic plans to Congress and OMB and submitted the annual performance plan for fiscal year 1999 to OMB. Part 2 of this Circular provides guidance on the preparation and submission of strategic plans and annual performance plans.

OMB published the *Capital Programming Guide* (June 1997) as a Supplement to this Circular to provide you more explicit guidance on planning, budgeting, acquiring, and managing capital assets. The purpose of the *Guide* is to provide professionals in the Federal Government a basic reference to principles and techniques for planning, budgeting, acquisition, and management of capital assets. You should consult the *Guide* when preparing your capital plans and developing your budget requests from those plans.

300.3 General requirements.

You must provide the following information related to acquisition of capital assets by December 15, 2000. You should check with your OMB representative to determine whether these materials will need to be revised after the new Administration is in place, by the deadlines that OMB will provide later. You are required to submit by December 15:

- Information on the impact of full funding of existing capital assets now funded incrementally (exhibit 300A), using the coverage described in section 300.6; and
- A capital asset plan and justification (exhibit 300B) for each major acquisition program (if information technology (IT), each major IT project) using the coverage in section 300.7 (and section 53.3 for IT).

Exhibit 300A requires information for accounts with existing projects funded incrementally. This will allow for an identification of budget authority needed to fully fund accounts with these projects.

Exhibit 300B requires information on plans and justifications for major acquisition programs as identified in section 300.7. This information includes a summary of spending for project stages; justification and other information; and cost, schedule, and performance goals.

300.4 Definitions.

The following definitions apply to this section. More definitions are included in the Glossary in Appendix 300A.

(a) **Capital assets** are land, structures, equipment, intellectual property (e.g., software) and information technology that are used by the Federal Government and have an estimated useful life of two years or more. Capital assets do not include items acquired for resale in the ordinary course of operations or items that are acquired for physical consumption, such as operating materials and supplies. The full cost of a capital asset includes both its purchase price and all other costs necessary to make it suitable for its intended use.

Capital assets include:

- Not only the assets as initially acquired but also any additions; improvements; replacements; rearrangements and reinstallations; and major repairs (but not ordinary repairs and maintenance);
- Leasehold improvements and land rights;
- Assets owned by the Federal Government but located in a foreign country or held by others (such as Federal contractors, state and local governments, or colleges and universities); and
- Assets whose ownership is shared by the Federal Government with other entities.

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Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through a lease-purchase or other capital lease (regardless of whether title has passed to the Federal Government); through an operating lease for an asset with an estimated useful life of two years or more; or through exchange.

Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under Federal accounting standards.

Examples of capital assets are:

- Office buildings, hospitals, laboratories, schools, and prisons;
- Dams, power plants, and water resources projects;
- Furniture, elevators, and printing presses;
- Motor vehicles, airplanes, and ships;
- Satellites and space exploration equipment;
- Information technology (see section 53.2), including national security systems to the extent practicable;
- Department of Defense weapons systems;
- Environmental restoration (decontamination and decommissioning efforts); and
- Land, structures, equipment, and intellectual property (e.g., software) that the Federal Government uses in research and development and education and training.

Capital assets do not include:

- Grants to State and local governments or other entities for acquiring capital assets (such as National Science Foundation grants to universities or Department of Transportation grants to AMTRAK); or
- Intangible assets, such as the knowledge resulting from research and development or the human capital resulting from education and training.

(b) The total ***Capital project***, or acquisition of a capital asset, includes useful segments that are either ***planning segments*** or ***useful assets***.

A *planning segment* provides you with information you can use to develop the project design; assess the benefits, costs, and risks; and establish realistic cost, schedule, and performance goals before either proceeding to full acquisition of the useful asset or canceling the acquisition. Information gathering activities may include market research of available solutions, architectural drawings, geological studies, engineering and design studies; and prototypes. Depending on the nature of the capital project, one or more planning segments may be necessary.

A *useful asset* is an economically and programmatically separate segment of the asset procurement stage of the capital project that provides an asset for which the benefits exceed the costs, even if no further funding is appropriated. The total capital asset procurement may include one or more useful assets, although it may not be possible to divide all procurements among useful segments.

(c) Capital projects or useful segments of capital projects must be ***fully funded*** either through regular or advance appropriations. ***Full funding*** means that appropriations -- regular annual appropriations or advance appropriations -- are enacted that are sufficient in total to complete a useful segment of a capital project before any obligations may be incurred for that segment (or the complete project as a whole, if it is not divisible into useful segments). Full funding for an entire capital project is required, if the project cannot be divided into more than one useful segment. If the asset can be divided into more than one useful segment, full funding for a project may be desirable, but is not required to constitute full funding.

(d) ***Baseline cost, schedule, and performance goals*** will be the standard against which actual program progress is measured. They will be the basis for the annual report to the Congress required by FASA (Title V) on variances of 10 percent or more from cost, schedule and performance goals. OMB must approve the baseline goals and any changes to the goals.

(1) ***Cost and schedule goals***. The baseline cost and schedule goals should be realistic projections, developed through the capital planning process, of the total cost and total time to complete the project, and may include interim cost and schedule goals. Cost goals must include the estimated cost of the contract(s) and the Government's management costs. Your Chief Financial Officer must review the cost goals prior to including them in the budget submission to OMB.

(2) ***Performance goals***. The performance goals should clearly define the mission-related performance measures or other results that the acquisition is expected to accomplish. When possible, express performance goals in quantitative and measurable terms that are used in contract statements of work.

(3) ***Major milestones in establishing goals***. The final baseline goals for management of the acquisition and reporting to Congress may undergo changes during the budget process and as contracts are awarded. Following each of the major milestones described below, you may need to revise or update your baseline goals:

- Submission to OMB with initial justification for a new acquisition program;
- Approval for inclusion in the Administration's budget proposal to Congress;
- Enactment of appropriations; and
- Contract awards.

(e) ***Information technology*** is defined in section 53.2 .

300.5 Full funding policy for capital assets.

(a) Background.

Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account when decisions are made about providing resources. For most spending on acquisitions, this rule is followed throughout the Government. When capital assets are funded in increments, without certainty if or when future funding will be available, it can and occasionally does result in poor planning, acquisition of assets not fully justified, higher acquisition costs, project delays, cancellation of major projects, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

(b) Full funding policy.

Part 3 reaffirms the policy stated in Part 1, section 31.4. The full funding policy requires that each useful segment (or module) of a capital project be fully funded with either regular annual appropriations or advance appropriations. For definitions of these terms, see section 300.4 or the Glossary to Appendix 300A. Appendix 300A elaborates on the full funding concept (see the Principles of Financing section).

For the initial budget submissions, you are required to request full budget authority for all ongoing and new proposals for capital assets covered in (c) below, or at least for each useful segment of a capital project.

Identify in the initial budget submission any additional budget authority required to implement full funding. Adjustments to your planning guidance levels will be considered based on your budget submissions.

Display on exhibit 300A the additional amount of budget authority to fully fund projects currently funded incrementally. Exhibit 300A is discussed in section 300.6 below.

(c) Coverage of full funding policy.

The full funding policy applies to all capital assets as defined in section 300.4(a).

300.6 Information required: explanation of exhibit 300A: "Impact of Full Funding of Capital Assets for Existing Projects."

Identify the amount of budget authority in the format of exhibit 300A: "Impact of Full Funding of Capital Assets for Existing Projects" for capital assets, as defined in section 300.4(a), for existing projects funded incrementally. Existing projects are those with budget authority beginning in CY or earlier. The purpose of this exhibit is to identify by account, not by individual project, the amount of budget authority needed to fully fund projects now funded incrementally, and to indicate how you would recommend implementing the full funding policy. You should reassess whether the remaining amount of budget authority needed to complete the project affects justification for the project.

**EXPLANATION OF EXHIBIT 300A: IMPACT OF FULL FUNDING
OF CAPITAL ASSETS FOR EXISTING PROJECTS**

Entry	Description
General	<p>For the years shown, report budget authority in millions of dollars for accounts with existing projects funded incrementally. In the column "BY+5 and beyond", show the amounts needed to complete projects with budget authority in CY or earlier. In the "total" column show the sum of budget authority for unfunded projects for the years BY+1 and beyond.</p> <p>Report only the total amount for the incrementally-funded existing projects in the account. Do not show the amounts for each project.</p> <p>PY is past year, CY is current year, and BY is budget year.</p>

REPORT ONLY PROJECTS WITH BUDGET AUTHORITY IN CY OR EARLIER

A. Annual incremental amounts of budget authority requested for past projects	Report the amounts of budget authority in your request, for each account, for projects funded incrementally in past years (i.e., with budget authority beginning in CY or earlier). Report the total for each account separately and the agency total.
B. Your recommendation for redistribution of budget authority to useful segments (or modules) that are fully funded.	Report your recommendation for redistribution of the budget authority to useful segments (or modules) that are fully funded with either regular or advance appropriations. Report the total for each account separately and for your agency total.

300.7 Criteria and coverage of exhibit 300B: "Capital Asset Plan and Justification."

You must develop capital plans for all capital asset acquisitions. Capital asset plans for major acquisitions are reported to OMB. This year, you must submit a capital asset plan and justification (Exhibit 300B) for each major acquisition, which includes major IT systems or projects (see section 53), and those projects that require special management attention because of their: (1) importance to your agency's mission; (2) high development, operating, or maintenance costs; (3) high risk; (4) high return; or (5) their significant role in the administration of your programs, finances, property, or other resources. Consult with your OMB representative to decide which specific projects should be classified as major acquisitions, building on what you provided in response to Part 3 last year for the *FY 2001 Budget*.

300.8 Information required: explanation of exhibit 300B: "Capital Asset Plan and Justification."

For each major acquisition identified in accordance with section 300.7, you are required to include with your initial budget submission the information shown in exhibit 300B: "Capital Asset Plan and Justification." Submissions for information technology capital projects should have the concurrence of the Chief Information Officer. Exhibit 300B is an illustrative format, not a required format. You may submit the information in a different format, if it is acceptable to your OMB representative and there are no substantive differences in the content. An electronic version of exhibit 300B is available at www.cio.gov.

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Data on information technology, a subset of data reported in exhibit 300B, are also required. (See reporting requirements in section 53.) For information technology, the funding stages for "Planning" plus "Full acquisition" are the same as the "Development/modernization/enhancement" entry described in exhibit 53, and "Maintenance" is the same as "Steady state" in exhibit 53. Detail on information technology reported in exhibit 300B should be aggregated and used to prepare exhibit 53.

Exhibit 300B consists of three parts (in addition to the heading), and each part contains several sections. The information you must report will depend on whether you are reporting a new acquisition or an ongoing acquisition (see the exhibit heading and part I).

If you are reporting a new acquisition, i.e., proposed for BY or later, or are reporting an acquisition to OMB for the first time, you must complete part I; part II, sections A through D, and, if IT, sections E through G; and Part III, sections A and B.

If you are reporting an ongoing acquisition, i.e., funded in CY or earlier, that is in Planning, Full Acquisition or Maintenance (or, if IT, Development/Modernization/Enhancement or Steady State), you must complete part I; part II, sections (B)(1), E, F, G; and part III, sections A, B, and D; and sections C and E, if applicable. Submit a revised justification (part II A) only if changed circumstances would affect justification for the project.

EXPLANATION OF EXHIBIT 300B: CAPITAL ASSET PLAN AND JUSTIFICATION

Entry	Description
Heading	Identify your agency, bureau, account title and identification code (using the OMB agency/bureau code and basic Treasury account symbol), the program activity from the most recent budget Appendix, the name of the project, and the unique project identifier if the acquisition is information technology. Indicate whether it is a new project proposed in your budget request for BY or later, or whether it is an ongoing project funded in CY or earlier. Indicate whether it was approved by your Executive Review Committee or Investment Review Board. Indicate whether it is an information technology project, as defined in section 53.2. For information technology projects only, indicate whether it is a financial management system, as defined in section 53.2. If so, indicate what percentage of the system is for financial management. For information technology projects only, indicate whether the project is covered by the Government Paperwork Elimination Act.

Entry	Description
PART I: SUMMARY OF SPENDING FOR PROJECT STAGES	
Summary of spending for project stages	<p>Provide amounts of budget authority and outlays (in millions of dollars) for the table.</p> <p>The stages shown in the table -- planning, full acquisition, and maintenance -- are illustrative. After consulting with you, the OMB representative will advise you of the stages for reporting.</p> <p>For information technology, funding stages "Planning" plus "Full acquisition" are the same as the Development/modernization/enhancement" entry described in exhibit 53, and "Maintenance" is the same as "Steady state" in exhibit 53.</p>
PART II: JUSTIFICATION AND OTHER INFORMATION	
C. Justification	<p>Provide a full justification for the capital asset. This should include a clear statement of how the asset will help you meet your agency's mission, accomplish its long term strategic goals and objectives, and adhere to the annual performance plan required by GPRA. The justification should answer the three pesky questions from the <i>Capital Programming Guide</i>: (1) Does the investment support core/priority mission functions that need to be performed by the Federal Government? (2) Does the investment need to be undertaken because no alternative private sector or governmental source can better support the function? (3) Does the investment support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology? The justification should also include other information requested by the OMB representative or important to you, based on the "Principles of Budgeting for Capital Asset Acquisitions" in Appendix 300A.</p> <p>Additional information requested by the OMB representative may include asset-specific information. For buildings, for example, this could include cost per square foot estimates for comparable Federal and private sector facilities.</p>
D. Program management	<p>Identify whether there is a program manager and contracting officer devoted to the project and provide their names.</p> <p>Describe if and how you will use an Integrated Project Team (IPT) to assist with managing the project.</p> <p>An Integrated Project Team is a multidisciplinary team led by the program manager to manage the acquisition process. Team members may change somewhat for different phases of the project, but members must represent those who have a major interest in the project. Members should be full time or dedicated to the program when</p>

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Entry	Description
E. Acquisition strategy	<p>needed. Members should include qualified people able to advise the program manager about technical, business, project, schedule, procurement, finance, and other issues, and identify users' concerns about the acquisition.</p> <p>A sound acquisition strategy can mitigate or help manage program and procurement risk. Three key principles for managing risk when procuring capital assets are: (1) avoid or limit the amount of development work required; (2) make effective use of competition and financial incentives; and (3) use a performance-based management system to ensure that cost, schedule, and performance goals are met.</p> <p>Specify whether the acquisition will be accomplished via a single contract or several contracts. If several contracts will be used, explain the role of each toward achieving the overall acquisition cost, schedule, and performance goals. Will each contract result in an economically and programmatically useful segment of the acquisition? What type of contract will you use (e.g., firm fixed-price, fixed-price incentive fee, cost-plus fixed fee)? What financial incentives will you use to motivate contractor performance? Specify whether the contract statement of work is performance-based, and list or describe the measurable performance objectives. How will you effectively use competition? If you conducted market research, what were the results? Will you use commercial off-the-shelf (COTS) products, or is custom developed work necessary?</p>
F. Alternatives analysis and risk management	<p>Summarize the analysis of full life-cycle costs/total costs of ownership (including operations and maintenance); results of cost/benefit analyses, including return on investment; analysis of alternative options and underlying assumptions; and any tangible returns that benefit your agency but are difficult to quantify.</p> <p>For information technology, address replaced system savings and savings recovery schedule.</p> <p>Summarize your risk assessment and describe your plans to mitigate or manage project risks.</p>
E. IT modernization and architecture (IT projects only)	<p>Identify whether the project supports and conforms to your agency's current information technology architecture or is part of a modernization initiative.</p> <p>Explain how the project conforms to your agency's technology architecture and infrastructure and to the Federal Enterprise Architecture Framework (FEAF), if used for this project. If the project does not follow the FEAF, explain the reason for the decision and the framework used.</p>

Entry	Description
F. IT Security (IT projects only)	<p>Demonstrate that the security plan for this project: 1) includes security controls for components, applications, and systems that are consistent with your agency's IT architecture; 2) is well-planned; 3) includes a plan to manage risk; 4) protects privacy and confidentiality; and 5) explain any planned or actual variance from National Institute of Standards and Technology (NIST) security guidance.</p> <p>Your plan must also reflect compliance with OMB Memorandum No. M-00-13, dated June 22, 2000, entitled "Privacy Policies and Data Collection on Federal Web Sites" (see section 58.5).</p>
G. Government Paperwork Elimination Act (GPEA) (IT projects only)	If the project will support electronic transactions or recordkeeping that is covered by GPEA, briefly describe those functions, and how this project relates to your agency's GPEA plan.

PART III: COST, SCHEDULE, AND PERFORMANCE GOALS

Your agency must establish realistic cost, schedule, and performance goals for all new proposed and ongoing projects. Before these goals are established, you should perform a risk assessment to determine the probability of achieving them. If you did not establish goals in prior years that the OMB representative has approved, you must propose project baseline cost, schedule, and performance goals this year. Once established, the current baseline will be used to determine whether the acquisition is meeting Congressional policy to achieve at least 90 percent of cost, schedule, and performance goals.

Your planning process is expected to produce acquisition plans that have a high probability of successfully achieving goals. You should establish appropriate controls to ensure that capital asset acquisitions that are underway are within baseline cost, on schedule, and expected to meet the baseline performance levels.

You should request funding for only the stages where you are able to establish realistic cost, schedule, and performance goals. If the acquisition planning has not progressed to the point where you are ready to commit to achievement of specific goals for the completion of the acquisition, you should request funds to complete the planning of the acquisition and not the entire acquisition. Do not request funds for the production or installation stage until you can establish firm goals.

A. Description of performance-based management system (PBMS)	Describe the performance-based management system you are using to monitor the achievement of, or deviation from, baseline goals during the life-cycle of the acquisition and the operation, use and maintenance of the asset. Explain whether it is an "earned value" management system (see Appendix A, Glossary) or other type of management information system. Does the PBMS: (1) identify the amount of planned work actually accomplished; (2) compare actual work accomplished against planned work and actual costs incurred by the contractor against planned costs; and (3) calculate the difference between planned and actual accomplishments?
B. Original baseline	This is the baseline as first approved by your OMB representative. Even if OMB approves a revised project baseline at a later date, always display the original baseline in this section.
1. Original cost and schedule goals	Show the original baseline cost and schedule goals. The cost and schedule goals should include total costs for the project, important

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Entry	Description
	components of the project, and important interim cost projections. It should also show how many months it will take to complete the project and important milestones within that schedule.
2. Original performance goals	List or describe the original baseline measurable performance benefits or goals.
C. Current baseline	If your OMB representative approves any changes or revisions to the original project baseline goals, show the cost, schedule, and performance goals that are now in effect.
1. Cost and schedule goals	The cost and schedule goals should include total costs for the project, important components of the project, and important interim cost projections. It should also show how many months it will take to complete the project and important milestones within that schedule.
2. Performance goals	List or describe the current measurable performance benefits or goals and indicate whether they are described in the contract statement of work.
D. Actual performance and variance from OMB-approved baseline (original or current)	Monitoring actual work performed against baseline goals is a year-round activity. Using the information provided by your selected performance-based management system, you should compare the actual work accomplished and costs incurred to the planned work and budget and report on the variance. If you are establishing goals for the first time this year, leave this section blank.
1. Actual cost and schedule performance	Report on the planned and budgeted work that was accomplished and the actual cost of the work completed.
2. Cost and schedule variance	Report on whether the actual work completed is behind the baseline schedule by 10 percent or more or actual costs incurred exceed your planned budget by 10 percent or more. If so, explain the reasons for the variance.
3. Performance variance	Based on actual work accomplished and costs incurred, report on whether you still expect to achieve your baseline performance goals. If not, and you now expect to achieve less than 90 percent of your performance goals, explain the reasons for the variance.
E. Corrective actions	If the current cost, schedule or performance estimates vary from the baseline by 10 percent or more, explain what corrective actions have been or will be taken. Describe the effect the actions will have on cost, schedule, and performance. Explain how the project will be brought back within baseline goals or, if not, how and why the goals should be revised, and whether the project is still cost beneficial and should continue. If you are establishing goals for the first time this year or are reporting no baseline variances, leave this section blank.

300.9 Additional information.

You are encouraged, but not required, to provide additional information on the following or other topics related to improving planning, budgeting, and acquisition of capital assets. These topics may be included in the OMB budget review process on capital assets, which may affect policy decisions on asset acquisition. You are encouraged to raise any issues you consider relevant.

(a) Lumpiness or spikes.

Lumpiness or spikes (i.e., large, one-time increases in year-to-year appropriations) may create bias against acquiring assets. Give special attention to these spikes for justified, cost-beneficial acquisitions, keeping in mind that the budget authority and outlay limits under the government-wide discretionary caps will continue to constrain resources. This issue is addressed in Appendix 300A, "C. Principles of Financing."

(b) Account structure.

Certain types of accounts may be preferred to help ensure there is no bias against the acquisition of capital assets. You are encouraged to review the account structure to ensure that the most appropriate accounts are being used for the acquisition of capital assets. This issue also is addressed in Appendix 300A, "C. Principles of Financing."

(1) Mixed accounts. Mixed accounts have spending for both operating and capital asset acquisition in the same account, allowing for competition between the two. Demands for one may "crowd out" the other.

(2) Asset acquisition accounts. These accounts are devoted exclusively to the acquisition of capital assets. This type of account may be one way of avoiding lumpiness, if there is a roughly similar level of fully-funded budget authority for asset acquisition each year.

(3) Revolving funds. These accounts can also avoid lumpiness, depending on how they are structured. They purchase assets that are "rented" to other accounts, so that the accounts and programs using the assets have a roughly steady year-to-year payment.

(c) Multi-year availability of appropriations.

You should ensure that the availability of the requested appropriation allows enough time to complete the acquisition process. If the acquisition process requires more than one year, the appropriations should be made available for the number of years necessary (see part 1, section 31.7).

(d) Other observations.

You are invited to suggest other methods to improve planning, budgeting, and acquisition of capital assets.

Impact of Full Funding of Capital Assets for Existing Projects

Report all incrementally-funded existing capital projects covered by the definition in section 300.4(a).

DEPARTMENT OF GOVERNMENT
(budget authority in millions)

PY-past year
CY-current year
BY-budget year

									Total, unfunded amounts (sum:
	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5 and beyond	BY+1 and beyond)

REPORT ONLY EXISTING PROJECTS FUNDED IN CY OR EARLIER:

A. Annual incremental amounts of budget authority requested for existing projects ¹:

Capital assets account No. 1....	50	50	40	30	20	10	0	0	60
Capital assets account No. 2....									
Etc.....									
Agency total.....									

Example assumes incrementally funded \$50 million projects at \$10 million per year.

B. Agency recommendation for redistribution to segments (or modules) that are economically and programmatically separable and fully funded:

Capital assets account No. 1....	na	na	95					na	na
Capital assets account No. 2....	na	na						na	na
Etc.....	na							na	na
Agency total.....	na							na	na

Example assumes remaining BA funded in BY, and \$5 million savings resulting from full funding.

Identify the agency plan for fully funding these projects with regular or advance appropriations.

"na" indicates not applicable.

¹ Existing projects are those with budget authority beginning in CY or earlier.

Capital Asset Plan and Justification

Agency: Department of Government
Bureau: Bureau of Capital Assets
Account Title: Asset Acquisition
Account identification code: xxx-xx-xxxx
Program Activity:
Name of Project:

Unique Project Identifier: (IT only) (see section 53.7)

Check one: New project _____ Ongoing project _____

Was the project approved by an Executive Review Committee or Investment Review Board? Yes _____ No _____

Is this project information technology (see Section 53.2 for a definition)? Yes _____ No _____

For information technology projects *only* :

a. Is this project a financial management system (see section 53.2 for a definition)? Yes _____ No _____

If so, what percentage of the system is for financial management? ____%

b. Does this project implement electronic transactions or recordkeeping covered by the Government Paperwork

Elimination Act (GPEA)? Yes _____ No _____

Note: Exhibit 300B is an illustrative format. This information may be provided in a different format, if it is acceptable to your OMB representative and there are no substantive differences in the content.

PART I: SUMMARY OF SPENDING FOR PROJECT STAGES

(In millions)

	PY-1 and earlier years	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5 and beyond	Total
Planning:										
Budget authority.....				10						10
Outlays.....				7	3					10
Full acquisition: ^{1,2}										
Budget authority.....						250	0	0	0	250
Outlays.....						25	75	125	25	250
Total, sum of stages (excludes maintenance):										
Budget authority.....				10	0	250	0	0	0	260
Outlays.....				7	3	25	75	125	25	260
Maintenance ²										
Budget authority.....								5	na	na
Outlays.....								5	na	na

¹ Specify whether the data are for a single useful segment or phase of this project, or are for all segments and phases of this project.

² For information technology, the funding stages for "Planning" plus "Full acquisition" are the same as the Development/modernization/enhancement" entry described in exhibit 53, and "Maintenance" is the same as "Steady state" in exhibit 53.

"na" indicates not applicable.

Capital Asset Plan and Justification-Continued

PART II: JUSTIFICATION AND OTHER INFORMATION**A. Justification**

The need for this capital project should be demonstrated by answering the following questions:

- (1) How does this investment support your agency's mission and strategic goals and objectives?
- (2) Is this investment included in your agency's annual performance plan?
- (3) How does this investment support a core or priority function of your agency?
- (4) Are there any alternative sources, in the public or private sectors, that could perform this function?
If so, explain why your agency did not select one of these alternatives?
- (5) How will this investment reduce costs or improve efficiencies?

Your OMB representative may request additional asset-specific information. For buildings, for example, this could include cost per square foot estimates for comparable Federal and private sector facilities.

B. Program management

1. Have you assigned a program manager and contracting officer to this project? If so, what are their names?
2. How do you plan to use an Integrated Project Team to manage this project?

C. Acquisition strategy

Explain how your acquisition strategy will manage or mitigate projects risks by answering the following questions:

1. Will you use a single contract or several contracts to accomplish this project? If multiple contracts are planned, explain how they are related to each other, and how each supports the project performance goals.
2. For each planned contract, describe:
 - a. What type of contract you will use (e.g. cost reimbursement, fixed-price, etc.).
 - b. The financial incentives you plan to use to motivate contractor performance (e.g. incentive fee, award fee, etc.).
 - c. The measurable contract performance objectives.
 - d. How you will use competition to select suppliers.
 - e. The results of your market research.
 - f. Whether you will use COTS products or custom-designed products.

D. Alternatives analysis and risk management

1. Did you perform a life-cycle cost analysis for this investment? If so, what were the results?
2. Describe what alternatives you considered and the underlying assumptions for each.
3. Did you perform a benefits/costs analysis or return on investment analysis for each alternative considered? What were the results for each? (Describe any tangible returns that will benefit your agency even if they are difficult to quantify.)
4. For IT, explain replaced system savings and savings recovery schedule.
5. Describe your risk assessment and mitigation plan for this project.

E. IT modernization and architecture (IT projects only)

1. Does this project support your agency's current architecture or is it part of a modernization initiative?
2. Explain how this project conforms to:
 - a. your agency's information technology architecture (current or target, as applicable)
 - b. your agency's technology infrastructure
 - c. the Federal Enterprise Architecture Framework (FEAF), if used for this project. If the project does not follow the FEAF, explain the reason for the decision and discuss the framework used.

F. IT Security (IT projects only)

Demonstrate that the security plan for this project:

1. includes security controls for components, applications, and systems that are consistent with your agency's IT architecture;
2. is well-planned;
3. manages risks;
4. protects privacy and confidentiality; and
5. explains any planned or actual variance from NIST security guidance.

G. Government Paperwork Elimination Act (GPEA) (IT projects only)

If this project supports electronic transactions or recordkeeping:

- a. briefly describe the transaction or recordkeeping functions; and
- b. explain how this investment relates to your agency's GPEA plan.

Capital Asset Plan and Justification-Continued

PART III: COST, SCHEDULE, AND PERFORMANCE GOALS

A. Description of performance-based management system (PBMS):

1. Describe the performance-based management system that you will use to monitor contract or project performance.

B. Original baseline (OMB-approved at project outset):

Using the format of your selected PBMS, provide the following:

1. What are the cost and schedule goals for this segment or phase of the project?
[What are the major project milestones or events? When will each occur? What is the estimated cost to accomplish each one?]
2. What are the measurable performance benefits or goals for this segment or phase of this project?
[What are the project performance objectives?]

C. Current baseline (applicable *only* if OMB approved the changes):

Using the format of your selected PBMS, provide the following:

1. What are the cost and schedule goals for this segment or phase of the project?
[What are the major project milestone events and the estimated costs to accomplish each one?]
2. What are the measurable performance benefits or goals for this segment or phase of this project?
[What are the project performance objectives?]

D. Actual Performance and Variance from OMB-approved baseline (Original or Current):

1. Actual cost and schedule performance. Using the information from your PBMS, explain:
 - a. What work you planned (scheduled) to accomplish and how much you budgeted to complete the work.
 - b. What work you actually accomplished and how much you actually spent.
2. Cost and schedule variance. If either the actual work accomplished or costs incurred vary from your baseline goals by 10 percent or more, explain:
 - a. The variance between planned and actual costs or planned and actual schedule, expressed as a percentage of the baseline goal.
 - b. The reason for the variance.
3. Performance variance. Explain whether, based on work accomplished to date, you still expect to achieve your performance goals. If not, explain the reasons for the variance.

E. Corrective actions:

If actual work accomplished or costs incurred to date vary from the planned baseline goals by 10 percent or more, explain:

- a. What you plan to do, if anything, to correct project performance.
- b. What effect your action will have on overall project cost, schedule and performance benefits.

For additional explanation, see section 300.8. If goals are established for the first time this year, leave sections D and E blank.